

**INLAND TELEPHONE COMPANY**  
Corporate Offices

103 S. 2nd St.  
P.O. Box 171  
Roslyn, WA 98941

Telephone: (509) 649-2211  
Fax: (509) 649-3300

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**INLAND  
TELEPHONE**

IDAHO PUBLIC  
UTILITIES COMMISSION

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

IUL-T

April 15, 2009

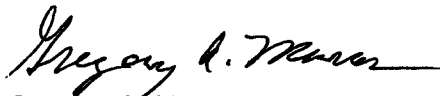
Randy Lobb, Administrator  
Utilities Division  
Idaho Public Utilities Commission  
P. O. Box 83720  
Boise, Idaho 83720-0074

Dear Mr. Lobb:

Enclosed please find a hard copy of the Annual Report of Inland Telephone Company ("Company") to the Idaho Public Utilities Commission for the year ended December 31, 2008. Also included are the Company's Idaho separation factors for 2008 and the Idaho Separated Results of Operations (Form I) per your request.

Questions regarding this report should be directed to the attention of either Greta L. Morgan or myself at (509) 649-2211.

Very truly yours,



Gregory A. Maras  
Secretary

GAM:glm

Enclosures

cc Dean Koch-Johnson, Stone & Pagano

ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING DECEMBER 31, 2008

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COMPANY INFORMATION

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Exact name of utility: Inland Telephone Company  
Address of principal office: 103 South Second Street, Roslyn, Washington 98941  
Telephone Number (509) 649-2211  
Cities or towns served: Colton, Dewatto, Prescott, Roslyn & Uniontown, Washington & Gifford & Lenore, Idaho

IDAHO PUBLIC  
UTILITIES COMMISSION

Name and title of officer having custody of the general corporate books of account: \_\_\_\_\_  
James K. Brooks, Controller  
Address of office where corporate books are kept and phone number: same as principal office

Organized under the laws of the State of: Washington  
Date of organization: 07/02/63  
Form of organization (proprietorship, association, corporation): Corporation  
If a Subchapter S Corporation, please specify: N/A  
Name and address of controlling company, if any Western Elite Incorporated Services, P.O. Box 687,  
Roslyn, Washington 98941

Names of affiliated companies. Give address and description of business: (1) Inland Cellular Telephone Co.,  
P.O. Box 688, Roslyn, WA 98941-cellular telephone company, (2) R & R Cable Co., P.O. Box 610, Roslyn, WA  
98941-cable television company, (3) Inland Long Distance Telephone Company, P.O. Box 904, Roslyn, WA  
98941-long distance resale, (4) Newport Hills Land Co., Inc., P.O. Box 687, Roslyn, WA-land company,  
(5) Easton Ridge Land Co., Inc., P.O. Box 687, Roslyn, WA-land company, (6) R & R Heights Land Co., Inc.,  
P.O. Box 687, Roslyn, WA-land company, (7) Moses Lake Views Land Co., Inc., P.O. Box 687, Roslyn, WA-  
land company, (8) Central Cascade Land Co., Inc. P.O. Box 687, Roslyn, WA 98941-land company

OFFICERS

Report below the title, name and office address of each general officer of the utility at the end of the year. If there were any changes during the year, show the name, title, and address of the previous officer and the date of change.

Title	Name	Address
President	Douglas W. Weis	P.O. Box 171, Roslyn, Washington 98941
Vice President	Nathan R. Weis	P.O. Box 171, Roslyn, Washington 98941
Secretary	Gregory A. Maras	P.O. Box 171, Roslyn, Washington 98941
Treasurer	James K. Brooks	P.O. Box 171, Roslyn, Washington 98941

**DIRECTORS**

List the name of each person who was a member of the Board of Directors at any given time during the for the year ending December 31, 2008

<b>Name and Address</b>	<b>Term Expired or Current Term Will Expire</b>	<b>Meetings Attended This year</b>	<b>Fees Paid During Year</b>
Douglas W. Weis	Continuous	1	None
Nathan R. Weis	Continuous	1	None
Gregory A. Maras	Continuous	1	None
James K. Brooks	Continuous	1	None

Name of Chairman of the Board:           N/A            
 Name of Secretary (or Clerk) of Board:           Gregory A. Maras            
 Number of Meetings of the Board during the year:           1          

**MANAGERS**

List the name of each person who performed management duties for the Company during the year, and the total wages and bonuses paid to those persons: (Do not include Director fees in these amounts.)

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
Douglas W. Weis	President	
Nathan R. Weis	Vice President	
Gregory A. Maras	Secretary	
James K. Brooks	Treasurer	



**BALANCE SHEET**  
**Assets and Other Debits**  
**FOR THE YEAR ENDING DECEMBER 31, 2008**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents			
1130 Cash	414,463	488,099	73,636
1140 Special Cash Deposits			
1150 Working Cash Advances	1,800	2,300	500
1160 Temporary Investments	345,505	48,121	(297,384)
1180 Telecommunications Accts. Receivable	105,070	117,793	12,723
1181 Accts. Rec. Allow. - Telecommunications	(10,000)	(10,000)	0
1190 Other Accounts Receivable	8,934,274 (1)	11,958,410	3,024,136
1191 Accounts Receivable Allow. - Other			
1200 Notes Receivable			
1201 Notes Receivable Allowance			
1210 Interest & Dividends Receivable			
1220 Material and Supplies	280,724	384,586	103,862
1280 Prepayments	3,851	13,060	9,209
1290 Prepaid Rents			
1300 Prepaid Taxes			
1310 Prepaid Insurance			
1320 Prepaid Directory Expenses			
1330 Other Prepayments			
1350 Other Current Assets			
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies			
1402 Investment in Nonaffiliated Companies	1,212,268	626,540	(585,728)
1406 Nonregulated Investments	108,873	79,197	(29,676)
1407 Unamortized Debt Issuance Expense			
1408 Sinking Funds			
1410 Other Noncurrent Assets	108,808	114,463	5,655
1438 Deferred Maintenance & Retirements			
1439 Deferred Charges			
1500 Other Jurisdiction Assets - Net			
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	19,256,301	20,859,425	1,603,124
2002 Prop. Held for Future Telecom. Use			
2003 Telecom. Plant under Constr. - Short Term	415,237	53,831	(361,406)
2004 Telecom. Plant under Constr. - Long Term			
2005 Telecom. Plant Adjustment			
2006 Nonoperating Plant			
2007 Goodwill			
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	11,291,057	12,481,335	1,190,278
3200 Accum. Depre. - Held for Future Use			
3300 Accumulated Depreciation - Nonoperating			
3400 Accumulated Amortization - Tangible			
3410 Accum. Amort. - Capitalized Leases			
3420 Accum. Amort. - Leasehold Improvements			
3500 Accumulated Amortization - Intangible	188	30,963	30,775
3600 Accumulated Amortization - Other			
<b>TOTAL ASSETS</b>	<b>19,885,929 (1)</b>	<b>22,223,527</b>	<b>2,337,598</b>

(1) These revisions reflect the transfer of cellular assets to Western Elite Incorporated Services, Inland Telephone Company's parent company. These revisions were made after last year's IPUC Report was submitted.

**BALANCE SHEET**  
**Liabilities & Stockholders' Equity**  
**FOR THE YEAR ENDING DECEMBER 31, 2008**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Liabilities</b>			
4010 Accounts Payable	194,281	199,537	5,256
4020 Notes Payable			
4030 Advance Billings and Payments			
4040 Customer Deposits	5,270	5,826	556
4050 Current Maturities - Long -Term Debt	413,500	574,362	160,862
4060 Current Maturities - Capital leases			
4070 Income Taxes - Accrued			
4080 Other Taxes - Accrued	125,791	135,573	9,782
4100 Net Current Defer. Oper. Income Taxes	55,373	191,959	136,586
4110 Net Current Defer. Nonoper. Income Taxes			
4120 Other Accrued Liabilities	846,262	968,228	121,966
4130 Other Current Liabilities	40,884	36,217	(4,667)
<b>Long-Term Debt</b>			
4210 Funded Debt	2,784,187	3,039,483	255,296
4220 Premium on Long-Term Debt			
4230 Discount on Long-Term Debt			
4240 Reacquired Debt			
4250 Obligations Under Capital Leases			
4260 Advances from Affiliated Companies	147,816	1,633,284	1,485,468
4270 Other Long-Term Debt			
<b>Other Liabilities &amp; Deferred Credits</b>			
4310 Other Long-Term Liabilities			
4320 Unamort. Oper. Invest. Tax Credits - Net	1,836	710	(1,126)
4330 Unamort. Nonoper. Invest. Tax Credits - Net			
4340 Net Noncurrent Defer. Oper. Income Taxes	919,093	864,185	(54,908)
4350 Net Noncur. Defer. Nonoper. Income Taxes			
4360 Other Deferred Credits			
4370 Other Juris. Liab. & Def. Credits - Net			
<b>Stockholders' Equity</b>			
4510 Capital Stock	93,150	93,150	0
4520 Additional Paid-In Capital	7,175	7,175	0
4530 Treasury Stock			
4540 Other Capital			
4550 Retained Earnings	14,251,311 (1)	14,473,838	222,527
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<b>19,885,929 (1)</b>	<b>22,223,527</b>	<b>2,337,598</b>

(1) These revisions reflect the transfer of cellular assets to Western Elite Incorporated Services, Inland Telephone Company's parent company. These revisions were made after last year's IPUC Report was submitted.

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

	<b>Balance Beginning of Year</b>	<b>Additions During year</b>	<b>Plant Retired or Sold</b>	<b>Transfers and Adjustments</b>	<b>Balance End of Year</b>
<b>Analysis of Telecommunications Plant in Service</b>					
2111 Land	126,844	303,328			430,172
2112 Motor Vehicles	1,544,557	96,006	40,312		1,600,251
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	25,295				25,295
2116 Other Work Equipment	631,147	71,027	4,000		698,174
2121 Buildings	2,035,699	19,833			2,055,532
2122 Furniture	171,208	3,918			175,126
2123 Office Equipment	244,984	30,784			275,768
2124 General Purpose Computers	799,015	18,486			817,501
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	2,450,980	44,535			2,495,515
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	36,842				36,842
2232 Circuit Equipment	2,031,592	572,466			2,604,058
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	24,807	14,429	673		38,563
2421 Aerial Cable	198,229				198,229
2422 Underground Cable	0				0
2423 Buried Cable	8,919,798	346,989			9,266,787
2424 Submarine Cable	0				0
2426 Intra-building Network Cable	0				0
2431 Aerial Wire	6,695				6,695
2441 Conduit Systems	0				0
2681 Capital Leases	0				0
2682 Leasehold Improvements	0	3,391			3,391
2690 Intangibles	8,608	122,918			131,526
<b>TOTAL PLANT ACCOUNTS</b>	<b>19,256,300</b>	<b>1,648,110</b>	<b>44,985</b>	<b>0</b>	<b>20,859,425</b>

**ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS**  
**IDAHO Operations Only**  
**FOR THE YEAR ENDING DECEMBER 31, 2008**

**Analysis of Telecommunications Plant in Service**

	Balance Beginning of Year	Additions During Year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
2111 Land	23,472			(44) *	23,428
2112 Motor Vehicles	0				0
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	1,797			15 *	1,812
2116 Other Work Equipment	13,119				13,119
2121 Buildings	445,028			5,077 *	450,105
2122 Furniture	24,433			660 *	25,093
2123 Office Equipment	49,509			5,858 *	55,367
2124 General Purpose Computers	106,769			1,583 *	108,352
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	414,302	6,642		(5,225) *	415,719
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	1,658			92 *	1,750
2232 Circuit Equipment	271,721			19,666 *	291,387
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	1,577				1,577
2421 Aerial Cable	29,530				29,530
2422 Underground Cable	0				0
2423 Buried Cable	1,867,384	38,809			1,906,193
2424 Submarine Cable	0				0
2426 Intra-building Network Cable	0				0
2431 Aerial Wire	4,821				4,821
2441 Conduit Systems	0				0
2681 Capital Leases	0				0
2682 Leasehold Improvements	0				0
2690 Intangibles	4,764				4,764
<b>TOTAL PLANT ACCOUNTS</b>	<b>3,259,884</b>	<b>45,451</b>	<b>0</b>	<b>27,682 *</b>	<b>3,333,017</b>

\* Represents adjustments to the allocation of Washington plant to Idaho based upon jurisdictional procedures.



**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**  
**Account 3100**  
**FOR THE YEAR ENDING DECEMBER 31, 2008**  
**TOTAL Company Basis**

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
<b>Analysis of Entries in Accumulated Depreciation</b>					
2112 Motor Vehicles	1,504,732	16.00/12.50	103,156	(7,698)	1,600,190
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	25,295	12.5			25,295
2116 Other Work Equipment	631,146	16.00/12.50	39,450	(1,000)	669,596
2121 Buildings	975,012	4.00/2.50	79,618		1,054,630
2122 Furniture	156,875	15.00/6.00	16,314		173,189
2123 Office Equipment	237,115	20.00/5.00 & 6.00	8,924		246,039
2124 General Purpose Computers	799,015	25.00/12.50	17,503		816,518
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	512,361	9.00	221,028		733,389
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	36,842				36,842
2232 Circuit Equipment	659,978	11.19	221,784		881,762
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	24,364	7.59/5.00	62	(673)	23,753
2421 Aerial Cable	177,801	20.40/4.00	1,181		178,982
2422 Underground Cable	0				0
2423 Buried Cable	5,543,825	5.00&6.00/4.00&6.00	490,630		6,034,455
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	6,696	42.06/8.00			6,696
2441 Conduit Systems	0				0
<b>TOTAL</b>	<b>11,291,057</b>		<b>1,199,650</b>	<b>(9,371)</b>	<b>12,481,336</b>

\*Please list individual depreciation rate for each account.

**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**

Account 3100

FOR THE YEAR ENDING DECEMBER 31, 2008

IDAHO Operations Only

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
<b>Analysis of Entries in Accumulated Depreciation</b>					
2112 Motor Vehicles	0				0
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	1,797	12.50		15 **	1,812
2116 Other Work Equipment	13,119	12.50			13,119
2121 Buildings	212,249	2.50	3,147	12,565 **	227,961
2122 Furniture	22,666	6.00		1,846 **	24,512
2123 Office Equipment	47,701	5.00/6.00		1,490 **	49,191
2124 General Purpose Computers	106,769	12.50		1,347 **	108,116
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	113,979	9.00	35,396	2,219 **	151,594
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	1,658			92 **	1,750
2232 Circuit Equipment	101,466	11.19	27,322	3,649 **	132,437
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	1,133	5.00	79		1,212
2421 Aerial Cable	9,103	4.00	1,181		10,284
2422 Underground Cable	0				0
2423 Buried Cable	1,101,850	4.00/6.00	74,490	871 **	1,177,211
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	4,821	8.00			4,821
2441 Conduit Systems	0				0
<b>TOTAL</b>	<b>1,738,311</b>		<b>141,615</b>	<b>24,094 **</b>	<b>1,904,020</b>

\* Please list individual depreciation rate for each account.

\*\*Represents adjustments to the allocation of Washington plant to Idaho based upon jurisdictional separation procedures.

**INVESTMENTS**  
FOR THE YEAR ENDING DECEMBER 31, 2008

account in which included. Minor amounts in Account 1406 may be grouped by classes.

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
1402-Illuminet	1981		594,495
1402-Verizon	2005		28,984
1402-RTB Class C Stock	1974		0
1406-Paging Equip./CPE/ Mobile CPE	Various		79,197
Rural Telephone Finance Cooperative Capital Certificates			3,061
<b>Totals</b>		0	705,737

**RECEIVABLES**

Itemize amounts show in Accounts 1180, 1190 and 1200. For notes receivable list each note separately and include the maturity date and interest rate. Minor amounts in Account 1210 may be combined.

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
1180-Due From Customers		117,793
1190-Other A/R-Interexchange Carriers & Exchange Carrier Association		2,802,156
1190-Other A/R-Western Elite Inc. Services		9,156,254
<b>Totals</b>		12,076,203

**NOTES PAYABLE**  
FOR THE YEAR ENDING DECEMBER 31, 2008

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
None				
<b>Totals</b>				

**ACCOUNTS PAYABLE**

Report below all Accounts Payable amounting to more than \$100.00

<u>Name of Creditor</u>	<u>Amount</u>
Trade Payables	199,537
<b>Totals</b>	<b>199,537</b>

**LONG - TERM DEBT**  
**FOR THE YEAR ENDING DECEMBER 31, 2008**  
**Accounts 4210, 4240, 4250, 4260, 4270 and 4310**

List the required data for each obligation included in these accounts, grouping them by account number and showing totals for each account. If any obligations mature serially or otherwise at various dates, give particulars in a note.

<u>Class &amp; Series of Obligation</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Fact Amount Authorized</u>	<u>Outstanding Year-End</u>	<u>Premium/ Discount</u>		<u>Interest for year</u>	
					<u>Total</u>	<u>Year Amortized</u>	<u>Rate</u>	<u>Amount</u>
RUS 12060	May 1976	May 2011	578,000	55,916	1	1	2%	1,359
RUS 12070	May 1983	May 2018	1,129,000	421,378	1	1	2%	8,835
RUS 12140	Oct. 1979	Oct. 2014	581,000	237,883	1	1	5%	12,490
RUS 12150	Apr. 1995	Apr. 2014	947,000	417,716	1	1	7%	31,473
RUS 12151	Apr. 1995	Apr. 2014	270,000	118,640	1	1	6.91%	8,826
RUS 12152	Apr. 1995	Apr. 2014	329,000	141,962	1	1	6.26%	9,582
RTB S010	Oct. 1979	Oct. 2014	345,450	141,948	1	1	8%	12,066
RTB S020	Dec. 1986	Apr. 2011	439,950	205,416	1	1	8%	17,437
RTB S023	Dec. 1986	Dec. 2011	324,952	147,041	1	1	5.54%	8,799
RUS 12153	Apr. 1995	Apr. 2014	451,478	194,748	1	1	4.86%	10,238
RUS 12154	Apr. 1995	Apr. 2014	289,522	131,820	1	1	5.71%	8,128
RTB S031	Dec. 1986	Dec. 2011	729,611	541,000	1	1	5.49%	32,081
RTB S032	Dec. 1986	Apr. 2014	1,158,911	829,830	1	1	5.10%	15,996
			<u>7,573,874</u>	<u>3,585,298</u>				<u>177,310</u>



**INCOME & RETAINED EARNINGS STATEMENT**

FOR T Item	Total Company	Idaho Only
Total Operating Income (from page 15)	6,820,506	953,539
Total Operating Expenses (from page 17)	5,297,291	833,508
<hr/>		
7100 Other Operating Income and Expense		
<hr/>		
7210 Operating Investment Tax Credits-Net	(1,126)	0
7220 Operating Federal Income Taxes	207,219	10,982
7230 Operating State and Local Income Taxes	2,146	2,146
7240 Operating Other Taxes	148,559	10,242
7250 Provision for Deferred Operating Income Taxes-Net	148,669	29,175
7200 <b>Operating Taxes (Total)</b>	<b>505,467</b>	<b>52,545</b>
<hr/>		
7310 Dividend Income	2,151	262
7320 Interest Income	19,133	2,334
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction	3,191	524
7350 Gains/Losses from the Disposition of Certain Property		
7360 Other Nonoperating Income	6,496	415
7370 Special Charges	(59,567)	(4,339)
7300 <b>Nonoperating Income and Expense</b>	<b>(28,596)</b>	<b>(804)</b>
<hr/>		
7410 Nonoperating Investment Tax Credits-Net		
7420 Nonoperating Federal Income Taxes		
7430 Nonoperating State and Local Income Taxes		
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net	(4,430)	0
7400 <b>Nonoperating Taxes</b>	<b>(4,430)</b>	<b>0</b>
<hr/>		
7510 Interest on Funded Debt	177,310	29,141
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense		
7540 Other Interest Deductions	238	39
7500 <b>Interest and Related Items</b>	<b>177,548</b>	<b>29,180</b>
<hr/>		
7610 Extraordinary Income Credits		
7620 Extraordinary Income Charges		
7630 Current Income Tax Effect of Extraordinary Items-Net		
7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net		
7600 <b>Extraordinary Items</b>	<b>0</b>	<b>0</b>
<hr/>		
7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
7990 Nonregulated Net Income	(206,926)	8,993
<hr/>		
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<b>609,108</b>	<b>46,495</b>

**OPERATING REVENUES**

FOR TItem	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	699,757	95,045
5002 Optional Extended Area Revenue		
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue	106	0
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	106,088	11,396
5069 Other Local Exchange Settlements		
<b>Network Access Services Revenues</b>		
5081 End User Revenue (SLC)	236,369	27,697
5082 Switched Access Revenue (Interstate)	3,035,152	723,358
5083 Special Access Revenue	997,343	7,561
5084 State Access Revenue (Intrastate)	1,601,960	80,174
<b>Long Distance Network Services Revenues</b>		
5100 Long Distance Message Revenue - All	7,702	504
<b>Miscellaneous Revenues</b>		
5230 Directory Revenue	11,280	1,308
5240 Rent Revenue	12,135	0
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue	27,497	3,600
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	160	20
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	92,756	3,966
<b>Uncollectible Revenues</b>		
5301 Uncollectible Revenue - Telecommunications	7,799	1,090
5302 Uncollectible Revenue - Other		
<b>TOTAL OPERATING REVENUES</b>	<b>6,820,506</b>	<b>953,539</b>

Please identify the following revenues:

NECA USF \$544,315 To what account were they booked?  
A/C 5082.13-Interstate Switched Access Revenue-USF (Idaho only)

State USF \$43,161 To what account were they booked?  
A/C 5084.12-Intrastate Switched Access Revenue-USF (Idaho only)



**OPERATING REVENUES**

FOR T Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	128,766	14,818
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense	59,951	6,899
6116 Other Work Equipment Expense	0	0
6120 General Support Expenses		
6121 Land and Building Expenses	451,249	51,930
6122 Furniture and Artworks Expense	2,207	254
6123 Office Equipment Expense	30,249	3,481
6124 General Purpose Computers Expense	171,530	19,740
6210 Central Office Switching Expenses	419,149	64,759
6211 Analog Electronic Expense		
6212 Digital Electronic Expense		
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	182,509	28,198
6231 Radio Systems Expense		
6232 Circuit Equipment Expense		
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense		
6341 Large Private Branch Exchange Expense		
6351 Public Telephone Terminal Equipment Expense		
6362 Other Terminal Equipment Expense		
6410 Cable and Wire Facilities Expenses		
6411 Pole Expense	(82)	(17)
6421 Aerial Cable Expense	74,211	15,293
6422 Underground Cable Expense		
6423 Buried Cable Expense	553,571	114,080
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intra-building Network Cable Expense		
6431 Aerial Wire Expense	12	2
6441 Conduit Systems Expense		
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>2,073,322</b>	<b>319,437</b>

## OPERATING REVENUES

FOR 1 Item

	Total Company	Idaho Only
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses		
6511 Property Held for Future Telecomm. Use Expenses		
6512 Provisioning Expense	538	102
6530 Network Operations Expense		
6531 Power Expense	33,606	6,366
6532 Network Administration Expense	9,400	1,781
6533 Testing Expense	34,936	6,618
6534 Plant Operations Administration Expense	116,724	22,112
6535 Engineering Expense	37,310	7,068
6540 Access Expense	27,872	5,280
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,199,649	166,273
6562 Depreciation Expense-Property Held for Future Use		
6563 Amortization Expense - Tangible	30,775	30,729
6564 Amortization Expense - Intangible		
6565 Amortization Expense - Other		
<b>Total Plant Nonspecific Operations Expenses</b>	<b>1,490,810</b>	<b>246,329</b>
<b>Customer Operations Expense</b>		
6610 Marketing	28,030	3,420
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	19,925	2,431
6623 Customer Services	444,109	54,181
<b>Total Customer Operations Expense</b>	<b>492,064</b>	<b>60,032</b>
<b>Corporate Operations Expense</b>		
6710 Executive and Planning	236,914	39,650
6711 Executive		
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	491,968	82,336
6722 External Relations	64,799	10,845
6723 Human Resources	80,062	13,399
6724 Information Management		
6725 Legal	36,095	6,041
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	331,257	55,439
6790 Provision for Uncollectible Notes Receivable		
<b>Total Corporate Operations Expense</b>	<b>1,241,095</b>	<b>207,710</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>5,297,291</b>	<b>833,508</b>



**CENTRAL OFFICE DATA**  
as of December 31, 2008 (unless otherwise indicated)

Name of Central Office: Lenore, Idaho  
Prefix (es): (208)836

Central Office Switch Type: Metaswitch

Check all that apply:  
Stand Alone X      Check one:  
Host           Digital X  
Remote           Analog       
Other:     

Access Line Capacity  
Design: 10,000

Access Lines in Use  
Customer Lines: 307  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 375

Public Telephone Lines 0

Company Official Lines 11

Company Test Lines 4

	Residence			Business			Total Residence & Business
	Multi- Line	Single Line	Subtotal	Multi- Line	Single Line	Subtotal	
	1-Party	1-Party	Residence	1-Party	1-Party	Business	
Beginning of Year	0	303	0	0	7	22	325
New Connects	0	34	34	0	2	2	36
Disconnects	0	42	42	0	1	1	43
End of Year	0	295	295	0	8	23	318

**Foreign Exchange:**  
Dial Tone from this C.O.: 0  
Dial Tone from another C.O.: 0

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 21

**Custom Calling:**  
Number of customers with at least one feature: 258  
Total number of features subscribed to: 18

**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING 2008**

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			Avg./ Line
		Number (1000s)	Avg./ Line	Intrastate	Interstate	Total	
1 Leon, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Lenore, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2008

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603  
Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers	Yes _____	No <u> X </u>
Included in directory	Yes <u> X </u>	No _____
Date of notification	<u>December, 2007 through December, 2008</u>	
Alternate method of notification	<u>None</u>	

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Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company  1

Category of complaints (if known):

Deposit Disputes  0

Charges on Bill  0

Denial/Termination  1

Quality or Availability  
of Service  0

Carrier Selection/Assignment  0

Miscellaneous  0

Rev 3/02

CERTIFICATE

FOR THE YEAR ENDING DECEMBER 31, 2008 )  
County of Kittitas ) ss  
)

WE, the undersigned Gregory A. Maras, Secretary  
and James K. Brooks, Treasurer/Controller  
of the Inland Telephone Company utility,

on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.

Gregory A. Maras  
Secretary  
Gregory A. Maras  
James K. Brooks  
Treasurer/Controller  
James K. Brooks

Subscribed and Sworn to Before Me this 15 day of April, 2009

Judy Sellers  
Notary Public  
Judy Sellers

My Commission expires 8/01/11



Rev 3/02

gdk/excel/jnelson/anulrpts/telannualrpt

FORM INPUT MASTER		For The Year Ended: December 31, 2008				Separated Results of Idaho Operations				
COMPANY NAME: Inland Telephone Co.		Total Idaho Operations Subject To Separations		Interstate Operation		Intrastate Operation				
FCC Account and Description	Note No.	Line No.	MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total
<b>SUMMARY</b>										
<b>Operating Revenues</b>										
50XX Local -Billed	(1)	1.	106,441		0				106,441	106,441
-EAS Billed	(1)	2.	0		0					0
-EAS Settlement	(1)	3.	0		0					0
508X Access-SLC (End User)	(2)	4.	27,697		27,697					27,697
-Switched (TS+NTS)	(2)	5.	803,533		723,359					80,174
-Special	(2)	6.	7,561	7,561	7,561					0
51XX Toll -Message	(3a)	7.	0		0					0
-Private Line	(3b)	8.	0		0					0
-Settlement	(3c)	9.	504		0					504
52XX Misc.-Billing & Collection	(4)	10.	3,965	1,255	1,255					2,710
-Directory Advertising		11.	1,308		0				1,308	1,308
-Operating Rents		12.	0		0					0
-Other Misc.		13.	3,620		0				3,620	3,620
530X Less: Uncollectible Rev. (-)		14.	-1,090		0				-1,090	-1,090
<b>Total Revenues</b>		15.	<b>953,539</b>	<b>752,311</b>	<b>759,872</b>	<b>83,388</b>	<b>0</b>	<b>0</b>	<b>110,279</b>	<b>193,667</b>
<b>Operating Expenses</b>										
61XX-64XX Plant Specific Oper.	(5a)	16.	328,943	117,854	151,341	56,545	733	0	120,324	177,602
65XX Plant Nonspecific Operations	(5a)	17.	47,297	15,290	18,720	9,206	120	0	19,251	28,577
656X Depreciation & Amortization	(5a)	18.	204,117	76,069	107,926	30,321	396	0	65,474	96,191
66XX Customer Operations	(5a)	19.	53,748	22,464	22,464	17,091	57	0	14,136	31,284
67XX Corporate Operations	(5a)	20.	240,455	94,349	115,086	44,676	467	0	80,226	125,369
---- Other Operating	(5a)	21.	5,069	5,069	5,069	0	0	0	0	0
<b>Total Expenses</b>	(5a)	22.	<b>879,629</b>	<b>331,095</b>	<b>420,606</b>	<b>157,839</b>	<b>1,773</b>	<b>0</b>	<b>299,411</b>	<b>459,023</b>
<b>Operating Taxes:</b>	(6)									
7240 General Taxes		23.	8,805	2,753	3,348	2,099	21	0	3,337	5,457
7230 State/Local Inc. Tax (Current)		24.	2,621	27,026	21,430	-5,351	-122	0	-13,336	-18,809
7220 Federal Income Tax (Current)		25.	106,751	133,859	133,859	-26,503	-606	0	0	-27,109
7250 Net Deferred Income Taxes		26.	0	0	0	0	0	0	0	0
7210 Net Investment Tax Credits		27.	0	0	0	0	0	0	0	0
<b>Total Taxes</b>		28.	<b>118,177</b>	<b>163,638</b>	<b>158,638</b>	<b>-29,755</b>	<b>-707</b>	<b>0</b>	<b>-9,999</b>	<b>-40,461</b>
<b>Net Operating Income</b>		29.	<b>-44,267</b>	<b>257,578</b>	<b>180,628</b>	<b>-44,696</b>	<b>-1,066</b>	<b>0</b>	<b>-179,133</b>	<b>-224,895</b>



FORM I INPUT MASTER

COMPANY NAME: Inland Telephone Co.

For The Year Ended: December 31, 2008

Seperated Results of Idaho Operations

FCC Account and Description	Note No.	Line No.	Total Idaho Operations Subject To Separations	Interstate Operation			Intrastate Operation			Local (other)	Total
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS		
<b>SUMMARY (continued)</b>											
Average Rate Base											
2001 Telecom. Plant in Service	(5b)	1.	3,115,276	1,007,120	225,909	1,233,029	606,393	7,905	0	1,267,949	1,882,247
2005 Plant Acquisition Adjustment		2.	0			0					0
3100 Less: Accumulated Depr. (-)	(5c)	3.	-1,704,945	-512,708	-104,220	-616,928	-352,655	-4,620	0	-730,742	-1,088,017
34xx-36xx Accumulated Amort. (-)	(5)	4.	0	0	0	0	0	0	0	0	0
4100-4340 Accum. Deferred Tax (-)		5.	150,527	48,747	10,954	59,701	29,256	381	0	61,189	90,826
1220 Materials and Supplies		6.	0			0					0
---- Equal Access Equipment	(7)	7.	0			0					0
---- Other Rate Base		8.	28,804	11,040	2,502	13,542				15,262	15,262
<b>Total Average Rate Base</b>		9.	<b>1,589,662</b>	<b>554,199</b>	<b>135,145</b>	<b>689,344</b>	<b>282,994</b>	<b>3,666</b>	<b>0</b>	<b>613,658</b>	<b>900,318</b>

FORM I INPUT MASTER		For The Year Ended: December 31, 2008										Separated Results of Idaho Operations			
COMPANY NAME: Inland Telephone Co.		Total Idaho Operations Subject To Separations		Interstate Operation				Intrastate Operation				Total			
FCC Account and Description	Note No.	Line No.	MTS & WATS Switched Access	TOLL PLS Special Access	MTS & WATS Switched Access	TOLL PLS Special Access	MTS & WATS Switched Access	TOLL PLS Special Access	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total		
<b>PLANT IN SERVICE DETAIL</b>															
21XX General Support Facilities		1.	506,100	200,315	163,614	36,701	98,513	1,284	205,988	0	305,785				
22XX Central Office Equipment:		2.	0	0											
CAT 1-Operator Systems		3.	0	0											
CAT 2-Tandem Switching (Alloc.)		4.	0	0											
CAT 2-Tandem Switching (Assign.)		5.	368,219	299,969	299,969		13,018		55,232		68,250				
CAT 3-Local Switching		6.	0	0											
CAT 4.12 -Exch. Trunk (Joint Use)		7.	159,455	149,437	149,437		320		10,018		10,018				
CAT 4.12 -Exch. Trunk (Ded. Use)		8.	127,371	31,763	31,763				63,525		95,608				
CAT 4.13 -Subscr. Line (Joint Use)		9.	0	0											
CAT 4.13 -Subscr. Line (Ded. Use)		10.	20,204	13,993	12,822	1,171	5,918	293	0		6,211				
CAT 4.23 -IX Trunk (Joint Use)		11.	3,339	3,339		3,339									
CAT 4.23 -IX Trunk Ckt. (Ded. Use)		12.	0	0											
CAT 4.3 -Host/Remote Trunk Ckt.		13.	0	0											
Other COE		14.	678,588	498,501	344,554	153,947	50,699	613	128,775	0	180,987				
<b>Total COE</b>															
23XX Information Orig./Term. Equipment:		15.	0	0											
CAT 1-Regulated CPE		16.	0	0											
Other IOT		17.	0	0	0	0	0	0	0	0	0				
<b>Total IOT</b>															
24XX Cable & Wire Facilities:		18.	1,694,603	423,651	423,651		423,651	0	847,301	0	1,270,952				
CAT 1.3-Subscriber Line (Common)		19.	4,262	0			4,262				4,262				
CAT 1.1,2-Subscriber Line (Ded.)		20.	0	0											
CAT 2-Exch. Trunk (Joint Use)		21.	111,927	27,982	27,982				83,945		83,945				
CAT 2-Exch. Trunk (Ded. Use)		22.	115,032	80,695	73,761	6,934	32,603	1,734	0		34,337				
CAT 3-IX Trunk (Joint Use)		23.	0	0											
CAT 3-IX Trunk (Ded. Use)		24.	0	0											
CAT 4-Host/Remote Trunk		25.	0	0											
Other C&WF		26.	1,925,824	532,326	497,412	34,916	456,254	5,996	931,246	0	1,393,496				
<b>Total C&amp;WF</b>															
26XX Other Assets:		27.	0	0											
Capital Leases		28.	0	0											
Leasehold Improvements		29.	4,764	1,885	1,540	345	927	12	1,940		2,879				
Intangibles		30.	4,764	1,885	1,540	345	927	12	1,940	0	2,879				
<b>Total Other Assets</b>															
<b>Total Telecom. Plant in Service</b>	(5b)	31.	3,115,276	1,233,029	1,007,120	225,909	606,393	7,905	1,267,949	0	1,882,247				

FORM I INPUT MASTER		For The Year Ended: December 31, 2008										Separated Results of Idaho Operations					
COMPANY NAME: Inland Telephone Co.		Total Idaho Operations Subject To Separations		Interstate Operation			Intrastate Operation			MTS & WATS		TOLL PLS		Local (other)		Total	
FCC Account and Description		Note No.	Line No.	MTS & WATS Access	TOLL PLS Access	Special Access	Total	MTS & WATS Access	Switched Access	Special Access	TOLL PLS Access	EAS	Local (other)	Total			
<b>Depreciation &amp; Amortization</b>																	
<b>Accumulated Depreciation Detail</b>																	
311X	General Support Facilities		1.	-98,067	-21,998		-120,065	-59,047		-770			-123,484	-183,281			
312X	Central Office Switching		2.	-97,780			-97,780	-4,243					-18,005	-22,248			
312X	Operator Systems		3.				0							0			
312X	Central Office Transmission		4.	-17,731	-61,224		-78,955	-14,986		-244			-29,248	-44,478			
313X	Information Orig./Term. Equip.		5.				0							0			
314X	Cable & Wire Facilities		6.	-299,130	-20,998		-320,128	-274,379		-3,606			-560,025	-838,010			
	<b>Total Accumulated Depreciation</b>	(5c)	7.	-512,708	-104,220		-616,928	-352,655		-4,620		0	-730,742	-1,088,017			
<b>Accumulated Amortization Detail</b>																	
3410	Capital Leases		8.				0							0			
3420	Leasehold Improvements		9.				0							0			
3500	Intangibles		10.				0							0			
3600	Acquisition Adjustment		11.				0							0			
	<b>Total Accumulated Amortization</b>	(5c)	12.	0	0		0	0		0		0	0	0			

FORM I INPUT MASTER		For The Year Ended: December 31, 2008				Separated Results of Idaho Operations				
COMPANY NAME: Inland Telephone Co.		Total Idaho Operations Subject To Separations		Interstate Operation		Intrastate Operation				
FCC Account and Description	Note No.	Line No.	MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total
<b>OPERATING EXPENSE DETAIL</b>										
<b>61XX-64XX Plant Specific Operations</b>										
6110-20 General Support Facilities		1.	86,056	6,241	34,062	16,751	218		35,025	51,994
621X Central Office Switching		2.	76,235	17,295	56,003	5,696	69		14,467	20,232
6220 Operator Systems		3.	0		0					0
623X Central Office Transmission		4.	33,195	7,531	24,386	2,480	30		6,299	8,809
63XX Information Orig./Term. Equip.		5.	0		0					0
64XX Cable & Wire Facilities		6.	133,457	2,420	36,890	31,618	416		64,533	96,567
<b>Total Plant Specific</b>	(5a)	7.	<b>328,943</b>	<b>33,487</b>	<b>151,341</b>	<b>56,545</b>	<b>733</b>	<b>0</b>	<b>120,324</b>	<b>177,602</b>
<b>65XX Plant Nonspecific Operations</b>										
6512 Provisioning		8.	108	8	43	21			44	65
653X Network Operations		9.	47,189	3,422	18,677	9,185	120		19,207	28,512
6540 Access Paid to LECs		10.	0		0					0
<b>Total Plant Nonspecific</b>	(5a)	11.	<b>47,297</b>	<b>3,430</b>	<b>18,720</b>	<b>9,206</b>	<b>120</b>	<b>0</b>	<b>19,251</b>	<b>28,577</b>
<b>656X Depreciation &amp; Amortization</b>										
6561 General Support Facilities	(8)	12.	16,483	1,195	6,524	3,208	42		6,709	9,959
6561 Central Office Switching		13.	52,202		42,526	1,845			7,831	9,676
6561 Operator Systems		14.	0		0					0
6561 Central Office Transmission		15.	59,025	29,277	37,756	7,166	116		13,987	21,269
6561 Information Orig./Term. Equip.		16.	0		0					0
6561 Cable & Wire Facilities		17.	76,407	1,385	21,120	18,102	238		36,947	55,287
6563 Capital Leases		18.	0		0					0
6563 Leasehold Improvements		19.	0		0					0
6564 Intangibles		20.	0		0					0
6565 Acquisition Adjustment		21.	0		0					0
<b>Total Depreciation &amp; Amortization</b>	(5a)	22.	<b>204,117</b>	<b>31,857</b>	<b>107,926</b>	<b>30,321</b>	<b>396</b>	<b>0</b>	<b>65,474</b>	<b>96,191</b>

FORM 1 INPUT MASTER

COMPANY NAME: Inland Telephone Co.

For The Year Ended: December 31, 2008

Separated Results of Idaho Operations

FCC Account and Description	Note No.	Line No.	Total Idaho Operations Subject To Separations	Interstate Operation			Intrastate Operation			Total
				MTS & WATS Switched Access	TOLL PLS Special Access	TOLL PLS Total	MTS & WATS Switched Access	TOLL PLS Special Access	TOLL PLS Total	
<b>OPERATING EXPENSE (continued)</b>										
<b>66XX Customer Operations</b>										
661X Marketing		1.	3,455	2,193		2,193	1,205	57		1,262
662X Operator Services		2.	0	0	0	0	0	0	0	0
662X Directory Publishing-Alpha		3.	2,462	596		596	266		1,600	1,866
662X Directory Publishing-Classified		4.	0	0	0	0	0	0	0	0
662X Directory Publishing-Foreign		5.	0	0	0	0	0	0	0	0
6623 Service Order Proc.-End User		6.	9,561	2,748		2,748	1,910		4,903	6,813
6623 Payment & Collection-End User		7.	6,914	2,824		2,824	1,449		2,641	4,090
6623 Billing Inquiry-End User		8.	3,507	2,069		2,069	1,438		0	1,438
6623 Service Order Proc.-CXR		9.	0	0	0	0	0	0	0	0
6623 Payment & Collection-CXR		10.	0	0	0	0	0	0	0	0
6623 Billing Inquiry-CXR		11.	0	0	0	0	0	0	0	0
6623 Coin Administration		12.	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-Toll Ticket Proc.		13.	226	122		122	104		0	104
6623 Rev. Acctg.-Local Mess. Proc.		14.	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-Other Bill & Coll.		15.	4,632	1,369		1,369	1,544		1,719	3,263
6623 Rev. Acctg.-SLC Billing		16.	244	244		244	0	0	0	0
6623 Rev. Acctg.-CXR B & C	(9)	17.	9,298	4,649		4,649	4,649		0	4,649
6623 B & C Amis Paid to LECs	(9)	18.	0	0	0	0	0	0	0	0
6623 Other Customer Service		19.	13,449	5,650		5,650	4,526		3,273	7,799
<b>Total Customer Operations</b>	(5a)	20.	53,748	22,464	0	22,464	17,091	57	14,136	31,284
<b>67XX Corporate Operations:</b>										
671X Executive & Planning		21.	41,161	15,294	3,671	18,965	7,910	83	14,203	22,196
672X General & Administrative		22.	199,294	79,055	17,066	96,121	36,766	384	66,023	103,173
6728 EAS Settlement Expense		23.	0	0	0	0	0	0	0	0
<b>Total Corporate Operations</b>	(5a)	24.	240,455	94,349	20,737	115,086	44,676	467	80,226	125,369
<b>Other Operating Expenses:</b>										
Equal Access Provision	(10)	25.	0	0	0	0	0	0	0	0
Universal Service Fund	(11)	26.	5,069	5,069	0	5,069	0	0	0	5,069
Lifeline Connection Assistance	(12)	27.	0	0	0	0	0	0	0	0
<b>Total Other</b>	(5a)	28.	5,069	5,069	0	5,069	0	0	0	5,069
<b>Total Operating Expenses</b>	(5a)	29.	879,629	331,095	89,511	420,606	157,839	1,773	299,411	459,023

FORM I INPUT MASTER

COMPANY NAME: Inland Telephone Co.

For The Year Ended: December 31, 2008

Seperated Results of Idaho Operations

FCC Account and Description	Note No.	Line No.	Total Idaho Operations Subject To Separations	Interstate Operation			Intrastate Operation			Total
				MTS & WATS Switched Access	TOLL PLS Special Access	TOLL PLS Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	
<b>OPERATING TAXES DETAIL</b>										
7240 General Taxes										
7240 Property			0							0
7240 Gross Receipts			0							0
7240 PUC Fee			605	102						503
7240 Franchise Fees			0							0
7240 Other			8,200	2,651	595	3,246	1,596	21	3,337	4,954
<b>Total General Taxes</b>			<b>8,805</b>	<b>2,753</b>	<b>595</b>	<b>3,348</b>	<b>2,099</b>	<b>21</b>	<b>3,337</b>	<b>5,457</b>
72XX Income Taxes (Calculated)										
Net Income Before SIT & FIT	(13)		65,105	418,463	-82,545	335,918	-76,550	-1,794	0	-192,469
Less Fixed Charges (-)			25,388	8,982	2,232	11,214	4,524	59	9,591	14,174
<b>Subtotal (lines 7-8)</b>	(14)		<b>39,717</b>	<b>409,481</b>	<b>-84,777</b>	<b>324,704</b>	<b>-81,074</b>	<b>-1,853</b>	<b>0</b>	<b>-202,060</b>
Other SIT Base Add/Ded. (+-)	(15)		0			0				
<b>SIT Taxable Inc. (lines 9+-10)</b>			<b>39,717</b>	<b>409,481</b>	<b>-84,777</b>	<b>324,704</b>	<b>-81,074</b>	<b>-1,853</b>	<b>0</b>	<b>-202,060</b>
7230 SIT-Current (at 6.6%)	(16)		2,621	27,026	-5,595	21,430	-5,351	-122	0	-13,336
Other FIT Base Add/Ded. (+-)	(17)		0	0	0	0	0	0	0	0
<b>FIT Taxable Inc. (lines 9-12+-13)</b>			<b>37,095</b>	<b>382,455</b>	<b>0</b>	<b>303,273</b>	<b>-75,723</b>	<b>-1,731</b>	<b>0</b>	<b>-77,454</b>
Gross FIT			106,751	133,859	0	133,859	-26,503	-606	0	-27,109
7210P Claimed ITC (-)			0	0	0	0	0	0	0	0
Surtax Elimination (-)			0	0	0	0	0	0	0	0
<b>7220 FIT-Current (lines 15-16-17)</b>	(18)		<b>106,751</b>	<b>133,859</b>	<b>0</b>	<b>133,859</b>	<b>-26,503</b>	<b>-606</b>	<b>0</b>	<b>-27,109</b>

<b>FORM I INPUT MASTER</b>		For The Year Ended: December 31, 2008				Separated Results of Idaho Operations			
FCC Account and Description		Total Idaho Operations Subject To Separations		Interstate Operation		Intrastate Operation		MTS & WATS	
Note No.	Line No.	MTS & WATS Access	TOLL PLS Special Access	MTS & WATS Switched Access	TOLL PLS Special Access	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Total

<b>FORM I INPUT MASTER</b>		For The Year Ended: December 31, 2008				Separated Results of Idaho Operations			
Description		Total Idaho Operations Subject To Separations		Interstate Toll		Intrastate Toll		Local (Other)	
Note No.	Line No.	Interstate Toll	Intrastate Toll	EAS	Interstate Toll	Intrastate Toll	EAS	Local (Other)	Total
<b>Separation Parameters</b>									
(19)	1.	8,733,591	2,114,479	943,313	5,675,799				
	2.	1,000,000	0.242109	0.108009	0.649882				
	3.	0.000000							
	4.	0.000000							
(20)	5.	1,000,000	0.250000	0.250000	0.500000				
	6.	1,000,000	0.858807	0.125012	0.141193				
(21)	7.	1,000,000	0.286269	0.943,313	0.588719				
	8.	8,733,591	2,114,479	943,313	5,675,799				
	9.	1,000,000	0.814647	0.035353	0.15				
(22)	10.	0							
(23)	11.	0							
(24)	12.	0							
(25)	13.	0							
(26)	14.	0							
	15.	1,625,789	1,112,344	513,445					
	16.	17,352,786	12,033,796	5,318,990					
	17.	398							
(27)	18.								
(28a)	19.	0							
(28b)	20.	184,281	75,272	38,609	70,400				
(28c)	21.	0							
(29a)	22.	677	195	135	347				
(29b)	23.	0							
(30a)	24.	380	224	156					
(30b)	25.	0							
(31)	26.	100,680	54,286	46,394					
(32)	27.	0							
	28.	243,984	90,865	56,693	96,426				
	29.	1,623		1,623					
	30.	0							
	31.	0							
<b>Other Parameters</b>									
Access Lines									
Unseparated Loop Cost @ 11.1 ROR									
<b>Gross Billed Revenues</b>									
-Marketing Allocation Basis									
-Payment & Collection-End User									
-Payment & Collection-CXR									
<b>Service Order Contacts</b>									
-Service Order Proc.-End User									
-Service Order Proc.-CXR									
<b>Billing Inquiry Contacts</b>									
-Billing Inquiry-End User									
-Billing Inquiry-CXR									
SP+RC Toll Messages									
EAS/Local Messages (Msg. Proc.)									
'BIG 3' Expense Factor-Message									
-PLS & Special Access									
Operator Services Expense -- Factor									
Access Minutes of Use (End Office)									